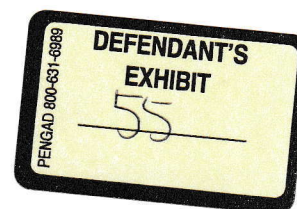


EXHIBIT S



Chicago Housing Authority
FY2015 Administrative Plan for the Housing Choice Voucher Program

Effective Date: January 1, 2015



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

Board of Commissioners Approval Date	Implementation Date	Chapters Updated
December 21, 2004	January 15, 2005	Entire Document
August 16, 2005	August 16, 2005	Entire Document
September 20, 2005	September 20, 2005	Entire Document
December 20, 2005	December 20, 2005	Entire Document
December 19, 2006	December 19, 2006	Entire Document
December 16, 2008	December 16, 2008	Entire Document (Including format)
August 17, 2010	September 1, 2010	Entire Document
July 19, 2011	September 1, 2011	Entire Document
July 19, 2011	September 1, 2011 (Clarified May 7, 2012)	CHAPTER 5 - 5-II.B. Determining Family Unit (Voucher) Size
Tuesday November 20, 2012	December 1, 2012	Chapters 4, 8, 10 and 16
August 19, 2014	January 1, 2015	Chapters 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 15, 16, 17 and Glossary
December 16, 2014	January 1, 2015	Chapter 4

Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

1. Chapter 1—Overview of the Program and Plan	1-1
Introduction.....	1-1
Part I: The PHA	1-2
1-I.A. Overview.....	1-2
1-I.B. Organization and Structure of the PHA.....	1-2
1-I.C. PHA Mission	1-2
1-I.D. The PHA'S Programs	1-3
1-I.E. The PHA's Commitment to Ethics and Service.....	1-3
Part II: The Housing Choice Voucher (HCV) Program	1-4
1-II.A. Overview and History of the Program	1-4
1-II.B. HCV Program Basics	1-5
1-II.C. The HCV Partnerships.....	1-5
The HCV Relationships	1-6
What Does HUD Do?	1-7
What Does the PHA Do?.....	1-7
What Does the Owner Do?	1-7
What Does the Family Do?	1-8
1-II.D. Applicable Regulations	1-9
Part III: The HCV Program Administrative Plan.....	1-9
1-III.A. Overview and Purpose of the Plan	1-9
1-III.B. Contents of the Plan	1-9
Mandatory vs. Discretionary Policy	1-11
1-III.C. Organization of the Plan	1-11
1-III.D. Updating and Revising the Plan	1-11
2. Chapter 2—Fair Housing and Equal Opportunity	2-1
Introduction.....	2-1
Part I: Nondiscrimination	2-2
2-I.A. Overview.....	2-2
2-I.B. Nondiscrimination	2-2
Providing Information to Families and Owners.....	2-4



Discrimination Complaints	2-5
Part II: Policies Related to Persons with Disabilities	2-5
2-II.A. Overview	2-5
2-II.B. Definition of Reasonable Accommodation	2-6
Types of Reasonable Accommodations	2-6
2-II.C. Request for an Accommodation	2-7
2-II.D. Verification of Disability	2-7
2-II.E. Approval/Denial of a Requested Accommodation	2-8
2-II.F. Program Accessibility for Persons with Hearing or Vision Impairments	2-9
2-II.G. Physical Accessibility	2-9
2-II.H. Denial or Termination of Assistance	2-10
Part III: Improving Access to Services for Persons with Limited English Proficiency	2-11
2-III.A. Overview	2-11
2-III.B. Oral Interpretation	2-11
2-III.C. Written Translation	2-12
2-III.D. Implementation Plan	2-12
Exhibit 2-1: Definition of a Person with a Disability under Federal Civil Rights Laws	2-13
Affirmatively Furthering Fair Housing Statement	2-14
Additional Affirmative Measures to Further Fair Housing for Family Unification Program Applicants and Participants	2-16
3. Chapter 3—Eligibility	3-1
Introduction	3-1
Part I: Definitions of Family and Household Members	3-3
3-I.A. Overview	3-3
3-I.B. Family and Household	3-3
3-I.C. Family Break-Up and Remaining Members of Tenant Family	3-4
3-I.D. Head of Household	3-5
3-I.E. Spouse, Co-Head, and Other Adult	3-5
3-I.F. Dependent	3-5
3-I.G. Full-Time Student	3-6
3-I.H. Elderly and Near-Elderly Persons, and Elderly Family	3-6
3-I.I. Persons with Disabilities and Disabled Family	3-6



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

3-I.J. Guests	3-7
3-I.K. Foster Children and Foster Adults	3-7
3-I.L. Family Absence from Unit	3-8
3-I.M. Live-In Aide	3-9
Part II: Basic Eligibility Criteria.....	3-10
3-II.A. Income Eligibility and Targeting	3-10
3-II.B. Citizenship or Eligible Immigration Status.....	3-11
3-II.C. Social Security Numbers	3-14
3-II.D. Family Consent to Release of Information.....	3-15
3-II.E. Students Enrolled in Institutions of Higher Education	3-15
Part III: Denial of Assistance	3-19
3-III.A. Overview.....	3-19
3-III.B. Mandatory Denial of Assistance	3-20
3-III.C. Other Permitted Reasons for Denial of Assistance.....	3-21
3-III.D. Screening	3-23
3-III.E. Criteria for Deciding to Deny Assistance	3-24
3-III.F. Notice of Eligibility or Denial.....	3-26
3-III.G. Prohibition against Denial of Assistance to Victims of Domestic Violence, Dating Violence, Sexual Assault and Stalking	3-28
Exhibit 3-1: Detailed Definitions Related to Disabilities	3-32
Exhibit 3-2: Definition of Institution of Higher Education	3-34
4. Chapter 4—Application, Waiting List and Tenant Selection.....	4-1
Introduction.....	4-1
Part I: The Application Process.....	4-2
4-I.A. Overview.....	4-2
4-I.B. Applying for Assistance	4-2
4-I.C. Accessibility of the Application Process.....	4-3
4-I.D. Placement on the Waiting List	4-3
Part II: Managing the Waiting List	4-3
4-II.A. Overview.....	4-3
4-II.B. Organization of the Waiting List.....	4-4
4-II.C. Opening and Closing the Waiting List.....	4-5



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

4-II.D. Reporting Changes in Family Circumstances	4-6
4-II.E. Updating the Waiting List	4-6
Part III: Selection for HCV Assistance	4-7
4-III.A. Overview	4-7
4-III.B. Selection and HCV Funding Sources	4-7
4-III.C. Selection Method	4-9
4-III.D. Notification of Selection	4-12
4-III.E. The Application Interview	4-12
4-III.F. Completing the Application Process	4-13
5. Chapter 5—Briefings and Voucher Issuance	5-1
Introduction	5-1
Part I: Briefings and Family Obligations	5-1
5-I.A. Overview	5-1
5-I.B. Briefing	5-1
5-I.C. Family Obligations	5-4
5-II.A. Overview	5-8
5-II.B. Determining Family Unit (Voucher) Size	5-8
5-II.C. Exceptions to Subsidy Standards	5-9
5-II.D. Voucher Issuance	5-10
5-II.E. Voucher Term, Extensions, and Suspensions	5-11
Suspensions of Voucher Term	5-12
6. Chapter 6—Income and Subsidy Determinations	6-1
Introduction	6-1
Part I: Annual Income	6-1
6-I.A. Overview	6-1
6-I.B. Household Composition and Income	6-2
6-I.C. Anticipating Annual Income	6-4
6-I.D. Earned Income	6-4
6-I.E. Earned Income Disallowance for Persons with Disabilities	6-7
6-I.F. Business Income	6-8
6-I.G. Assets	6-9



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

6-I.H. Periodic Payments.....	6-9
6-I.I. Payments in Lieu of Earnings.....	6-11
6-I.J. Welfare Assistance.....	6-11
6-I.K. Periodic and Determinable Allowances	6-12
6-I.L. Student Financial Assistance	6-13
6-I.M. Additional Exclusions from Annual Income	6-14
Part II: Adjusted Income.....	6-16
6-II.A. Introduction	6-16
6-II.B. Dependent Deduction	6-17
6-II.C. Elderly or Disabled Family Deduction.....	6-17
6-II.D. Medical Expenses Deduction	6-17
6-II.E. Disability Assistance Expenses Deduction	6-18
6-II.F. Child Care Expense Deduction.....	6-20
Part III: Calculating Family Share and PHA Subsidy	6-23
6-III.A. Overview of Rent and Subsidy Calculations	6-23
6-III.B. Financial Hardships Affecting Minimum Rent	6-24
6-III.C. Applying Payment Standards	6-27
6-III.D. Applying Utility Allowances.....	6-29
6-III.E. Prorated Assistance for Mixed Families.....	6-29
HHS Definition of Assistance	6-29
7. Chapter 7—Verification	7-1
Introduction.....	7-1
Part I: General Verification Requirements	7-1
7-I.A. Family Consent to Release of Information.....	7-1
7-I.B. Overview of Verification Requirements	7-2
7-I.C. Up-Front Income Verification (UIV).....	7-3
7-I.F. Review of Documents	7-6
7-I.E. Third-Party Written and Oral Verification	7-6
7-I.F. Self-Certification.....	7-8
7-I.G. EIV Request Requirements	7-8
Part II: Verifying Family Information	7-9



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

7-II.A. Verification of Legal Identity	7-9
7-II.B. Social Security Numbers	7-10
7-II.C. Documentation of Age	7-11
7-II.D. Family Relationships	7-12
7-II.E. Verification of Student Status	7-13
7-II.F. Documentation of Disability	7-14
7-II.G. Citizenship or Eligible Immigration Status	7-15
7-II.H. Verification of Preference Status	7-16
Part III: Verifying Income	7-17
7-III.A. Earned Income	7-17
7-III.B. Business and Self Employment Income	7-18
7-III.C. Periodic Payments and Payments in Lieu of Earnings	7-18
7-III.D. Alimony or Child Support	7-19
7-III.E. Assets and Income from Assets	7-20
Net Income from Rental Property	7-20
Retirement Accounts	7-20
7-III.H. Income from Excluded Sources	7-21
7-III.I. Zero Annual Income Status	7-21
7-III.J. Student Financial Assistance	7-21
7-III.K. Parental Income of Students Subject to Eligibility Restrictions	7-22
Part IV: Verifying Mandatory Deductions	7-22
7-IV.A. Dependent and Elderly/Disabled Household Deductions	7-22
7-IV.B. Medical Expense Deduction	7-23
7-IV.C. Disability Assistance Expenses	7-24
7-IV.D. Child Care Expenses	7-26
Exhibit 7-1: Excerpt from HUD Verification Guidance Notice	7-30
Exhibit 7-2: Summary of Documentation Requirements for Noncitizens	7-49
8. Chapter 8—Housing Quality Standards and Rent Reasonableness Determinations	
8-1	
Introduction	8-1
Part I: Physical Standards	8-2



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

8-I.A. General HUD Requirements	8-2
8-I.B. Additional Local Requirements	8-3
8-I.C. Life Threatening Conditions	8-5
8-I.D. Owner and Family Responsibilities	8-6
8-I.E. Special Requirements for Children with Environmental Intervention Blood Lead Level	8-6
8-I.F. Violation of HQS Space Standards	8-7
City of Chicago Building Code	8-7
Part II: The Inspection Process	8-7
8-II.A. Overview	8-7
8-II.B. Initial HQS Inspection	8-8
8-II.C. Annual HQS Inspections	8-10
8-II.D. Special Inspections	8-10
8-II.E. Quality Control Inspections	8-11
8-II.F. Inspection Results and Re-inspections for Units Under HAP Contract	8-11
8-II.G. Enforcing Owner Compliance	8-13
8-II.H. Enforcing Family Compliance with HQS	8-14
Part III: Rent Reasonableness	8-14
8-III.B. When Rent Reasonableness Determinations Are Required	8-15
8-III.C. Establishing Comparability	8-16
8-III.D. Rent Reasonableness Determination Methodology	8-17
Exhibit 8-1: Summary of Tenant Preference Areas Related to Housing Quality	8-19
9. Chapter 9—General Leasing Policies	9-1
Introduction	9-1
9-I.A. Tenant Screening	9-2
9-I.B. Requesting Tenancy Approval	9-2
9-I.C. Owner Participation	9-3
9-I.D. Eligible Units	9-3
9-I.E. Lease and Tenancy Addendum	9-6
9-I.F. Tenancy Approval	9-10
9-I.G. HAP Contract Execution	9-11
9-I.H. Changes in Lease or Rent	9-12



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

10. Chapter 10—Moving with Continued Assistance and Portability	10-1
Introduction.....	10-1
Part I: Moving with Continued Assistance	10-1
10-I.A. Allowable Moves.....	10-1
10-I.B. Restrictions on Moves	10-2
10-I.C. Moving Process	10-6
Part II: Portability	10-7
10-II.A. Overview.....	10-7
10-II.B. Initial PHA Role.....	10-8
10-II.C. Receiving PHA Role	10-13
11. Chapter 11—Re-examinations	11-1
Introduction.....	11-1
Part I: Regular Re-examinations.....	11-1
11-I.A. Overview.....	11-1
11-I.B. Scheduling Regular Re-examinations.....	11-2
11-I.C. Conducting Regular Re-examinations	11-3
11-I.D. Determining Ongoing Eligibility of Certain Students	11-4
11-I.E. Effective Dates.....	11-5
Part II: Interim Re-examinations	11-6
11-II.A. Overview.....	11-6
11-II.B. Changes in Family and Household Composition	11-6
11-II.C. Changes Affecting Income or Expenses.....	11-7
11-II.D. Processing the Interim Re-examination.....	11-9
Part III: Recalculating Family Share and Subsidy Amount	11-10
11-III.A. Overview.....	11-10
11-III.B. Changes in Payment Standards and Utility Allowances	11-10
11-III.C. Notification of New Family Share and HAP Amount.....	11-11
11-III.D. Discrepancies	11-11
12. Chapter 12—Termination of Assistance and Tenancy	12-1
Part I: Grounds for Termination of Assistance	12-1
12-I.A. Overview.....	12-1



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

12-I.B. Family No Longer Requires Assistance	12-1
12-I.C. Family Chooses to Terminate Assistance	12-1
12-I.D. Mandatory Termination of Assistance	12-2
12-I.E. Mandatory Policies and Other Authorized Terminations	12-4
Part II: Approach to Termination of Assistance	12-9
12-II.A. Overview	12-9
12-II.B. Method of Termination	12-9
12-II.C. Alternatives to Termination of Assistance	12-9
12-II.D. Criteria for Deciding to Terminate Assistance	12-10
12-II.E. Terminating the Assistance of Domestic Violence, Dating Violence or Stalking Victims and Perpetrators	12-11
12-II.F. Termination Notice	12-14
12-II.G. How Termination of Assistance Affects the HAP Contract And Lease	12-15
Part III: Termination of Tenancy by The Owner	12-15
12-III.A. Overview	12-15
12-III.B. Grounds for Owner Termination of Tenancy	12-15
12-III.C. Eviction	12-17
12-III.D. Deciding Whether to Terminate Tenancy	12-17
12-III.E. Effect of Tenancy Termination on the Family's Assistance	12-18
Exhibit 12-1: Statement of Family Obligations	12-18
13. Chapter 13—Owners	13-1
Introduction	13-1
Part I: Owners in the HCV Program	13-2
Initial Eligibility	13-2
Conflict of Interest	13-3
13-I.C. Owner Responsibilities	13-4
Part II. HAP Contracts	13-5
Overview	13-5
Termination of HAP Payments	13-5
Breach of HAP Contract	13-5
14. Chapter 14—Program Integrity	14-1



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

Introduction.....	14-1
Part I: Preventing, Detecting, and Investigating Errors and Program Abuse.....	14-2
14-I.A. Preventing Errors and Program Abuse	14-2
14-I.B. Detecting Errors And Program Abuse.....	14-2
14-I.C. Investigating Errors and Program Abuse.....	14-4
Part II: Corrective Measures and Penalties	14-5
14-II.A. Subsidy Under- or Over-Payments	14-5
14-II.B. Family-Caused Errors and Program Abuse	14-5
14-II.C. Owner-Caused Error or Program Abuse	14-7
14-II.D. PHA-Caused Errors or Program Abuse.....	14-8
14-II.E. Criminal Prosecution.....	14-10
14-II.F. Fraud and Program Abuse Recoveries.....	14-10
15. Chapter 15—Special Housing Types [24 CFR 982 Subpart M].....	15-1
Introduction.....	15-1
Part I: Single Room Occupancy	15-2
15-I.A. Overview.....	15-2
15-I.B. Payment Standard, Utility Allowance and HAP Calculation	15-2
15-I.C. Housing Quality Standards (HQS).....	15-2
Part II: Congregate Housing	15-3
15-II.A. Overview.....	15-3
15-II.B. Payment Standard, Utility Allowance and HAP Calculation	15-3
15-II.C. Housing Quality Standards	15-4
Part III: Group Home.....	15-4
15-III.A. Overview.....	15-4
15-III.B. Payment Standard, Utility Allowance and HAP Calculation	15-4
15-III.C. Housing Quality Standards	15-5
Part IV: Shared Housing.....	15-6
15-IV.A. Overview	15-6
15-IV.B. Payment Standard, Utility Allowance and HAP Calculation.....	15-6
15-IV.C. Housing Quality Standards.....	15-6
Part V: Cooperative Housing	15-7



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

15-V.A. Overview	15-7
15-V.B. Payment Standard, Utility Allowance and HAP Calculation.....	15-7
15-V.C. Housing Quality Standards.....	15-7
Part VI: Homeownership	15-7
15-VI.A. Overview	15-7
15-VI.B. Family Eligibility.....	15-8
15-VI.C. Selection of Families	15-9
15-VI.D. Eligible Units	15-9
15-VI.E. Additional PHA Requirements for Search and Purchase	15-10
15-VI.F. Homeownership Counseling.....	15-11
15-VI.G. Home Inspections, Contract of Sale and PHA Disapproval of Seller	15-12
15-VI.H. Financing.....	15-13
15-VI.I. Continued Assistance Requirements; Family Obligations	15-14
15-VI.J. Maximum Term of Homeowner Assistance	15-15
15-VI.K. Homeownership Assistance Payments and Homeownership Expenses.....	15-15
15-VI.L. Portability	15-17
15-VI.M. Moving with Continued Assistance	15-18
15-VI.N. Denial or Termination of Assistance.....	15-18
16. Chapter 16—Program Administration.....	16-1
Introduction.....	16-1
Part I: Administrative Fee Reserve.....	16-2
Part II: Setting Program Standards and Schedules	16-2
16-II.A. Overview.....	16-2
16-II.B. Payment Standards	16-3
16-II.C. Utility Allowances.....	16-5
Part III: Informal Reviews and Hearings	16-6
16-III.A. Overview	16-6
16-III.B. Informal Reviews	16-6
16-III.C. Informal Hearings for Participants	16-9
16-III.D. Hearing and Appeal Provisions for Non-Citizens.....	16-16
Part IV: Owner or Family Debts to the PHA.....	16-20



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

16-IV.A. Overview	16-20
16-IV.B. Repayment Policy	16-20
Part V: Management Assessment (SEMAP)	16-22
16-V.A. Overview	16-22
16-V.B. SEMAP Certification	16-23
16-V.C. SEMAP Indicators	16-24
Part VI: Record Keeping.....	16-28
16-VI.A. Overview	16-28
16-VI.B. Record Retention	16-28
16-VI.C. Records Management	16-29
Part VII: Reporting and Record Keeping for Children with Environmental Intervention Blood Lead Level	16-30
16-VII.A. Overview	16-30
16-VII.B. Reporting Requirement	16-30
16-VII.C. Data Collection and Record Keeping	16-31
Part VIII: Determination of Insufficient Funding.....	16-31
16-VIII.A. Overview	16-31
16-VIII.B. Methodology	16-31
PART IX: Notification Regarding Applicable Provisions of the Violence Against Women Reauthorization Act of 2013 (VAWA)	16-32
16-IX.A. Notification to Participants	16-32
16-IX.B. Notification to Applicants	16-32
16-IX.C. Notification to Owners and Managers	16-32
17. Chapter 17—Property-Based Vouchers	17-1
Introduction.....	17-1
PART I: General Requirements.....	17-2
17-I.A. Overview	17-2
17-I.B. Tenant-Based Vs. Property-based Voucher Assistance	17-2
PART II: PBV Owner Proposals	17-2
17-II.A. Overview	17-2
17-II.B. Owner Proposal Selection Process	17-2
17-II.C. Housing Type	17-3



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

17-II.D. Prohibition of Assistance for Certain Units	17-4
17-II.E. Subsidy Layering Requirements	17-5
17-II.F. Cap on Number of PBV Units in Each Property	17-5
17-II.G. Site Selection Standards	17-5
17-II.H. Environmental Review	17-6
Part III: Dwelling Units	17-7
17-III.A. Overview	17-7
17-III.B. Housing Quality Standards	17-7
17-III.C. Housing Accessibility for Persons with Disabilities	17-7
17-III.D. Inspecting Units	17-8
PART IV: Substantial Rehabilitation and New Construction	17-9
17-IV.A. Overview	17-9
17-IV.B. Agreement to Enter into HAP Contract	17-9
17-IV.C. Conduct of Development Work	17-9
17-IV.D. Completion of Housing	17-10
PART V: Housing Assistance Payments Contract (HAP)	17-10
17-V.A. Overview	17-10
17-V.B. Amendments to the HAP Contract	17-12
17-V.C. HAP Effective, Anniversary and Expiration Dates	17-12
17-V.D. Owner Responsibilities Under the HAP	17-13
17-V.E. Additional HAP Requirements	17-13
Part VI: Selection of PBV Program Participants	17-14
17-VI.A. Overview	17-14
17-VI.B. Eligibility For PBV Assistance	17-14
17-VI.C. Organization of the Waiting List	17-14
17-VI.D. Selection from the Waiting List	17-14
17-VI.E. Offer of PBV Assistance	17-17
17-VI.F. Owner Selection of Tenants	17-18
17-VI.G. Tenant Screening	17-18
Part VII: Occupancy	17-19
17-VII.A. Overview	17-19
17-VII.B. Lease	17-19



Chicago Housing Authority Housing Choice Voucher Program
Administrative Plan

17-VII.C. Moves.....	17-21
17-VII.D. Exceptions to the Occupancy Cap	17-22
17-VII.E. Participation in Special Programs by PBV Residents.....	17-22
17-VII.F Encouraging Smoke-Free Properties	17-22
Part VIII: Determining Rent to Owner.....	17-23
17-VIII.A. Overview	17-23
17-VIII.B. Rent Limits	17-23
17-VIII.C. Reasonable Rent	17-25
17-VIII.D. Effect of Other Subsidy and Rent Control	17-25
Part IX: Payments to Owner.....	17-26
17-IX.A. Housing Assistance Payments	17-26
17-IX.B. Vacancy.....	17-26
17-IX.C. Tenant Rent to Owner	17-28
17-IX.D. Other Fees and Charges.....	17-28
17-IX.E. CHA Monitoring of PBV Properties.....	17-29
17-X.A. Introduction.....	17-29
17-X.B Chicago RHI Commitment.....	17-29
GLOSSARY	1
Acronyms Used in Subsidized Housing	1
Glossary of Subsidized Housing Terms	3



Chapter 14—Program Integrity

Introduction

The PHA is committed to ensuring that subsidy funds made available to the PHA are spent in accordance with HUD requirements.

This chapter covers HUD and PHA policies designed to prevent, detect, investigate and resolve instances of program abuse or fraud. It also describes the actions that will be taken in the case of unintentional errors and omissions.

Part I: Preventing, Detecting, and Investigating Errors and Program Abuse. This part presents PHA policies related to preventing, detecting, and investigating errors and program abuse.

Part II: Corrective Measures and Penalties. This part describes the corrective measures the PHA must and may take when errors or program abuses are found.

Code of Conduct— the CHA Ethics Policy

The CHA conducts business in accordance with the Board-approved Ethics Policy that:

- a. Complies with the conflict of interest requirements of the HCV program cited in 24 CFR 982.161; and
- b. Prohibits the solicitation or acceptance of gifts or gratuities in excess of a nominal value by an officer or employee of the PHA or any contractor, subcontractor, or agent of the PHA; and
- c. Outlines administrative and disciplinary remedies for violation of the CHA.

The CHA informs all officers, employees, and agents of its organization of the Ethics Policy at the time of hire or appointment. The CHA also informs its contractors of the requirements at the initiation of their contracts.



Part I: Preventing, Detecting, and Investigating Errors and Program Abuse

14-I.A. Preventing Errors and Program Abuse

CHA Policy

The CHA anticipates that the vast majority of families, owners, and the CHA employees intend to and will comply with program requirements and make reasonable efforts to avoid errors.

To ensure that the CHA's HCV program is administered effectively and according to the highest ethical and legal standards, the CHA will employ a variety of techniques to ensure that both errors and intentional program abuse are rare.

The CHA will discuss program compliance and integrity issues during the voucher briefing sessions described in Chapter 5.

The CHA will provide each applicant and participant with the publication *Things You Should Know (HUD-1140-OIG)* that explains the types of actions a family must avoid and the penalties for program abuse.

The CHA will place a warning statement about the penalties for fraud (as described in the False Statement Act, U.S.C. 1001 and 1010) on key CHA forms and form letters that request information from a family or owner.

The CHA staff will be required to review and explain the contents of all HUD- and the CHA-required forms prior to requesting family member signatures.

The CHA will require first-time owners (or their agents) to participate in a briefing session on HAP contract requirements.

The CHA will provide each CHA employee with the necessary training on program rules and the organization's standards of conduct and ethics.

For purposes of this chapter the term *error* refers to an unintentional error or omission. *Program abuse or fraud* refers to a single act or pattern of actions that constitute a false statement, omission, or concealment of a substantial fact, made with the intent to deceive or mislead.

14-I.B. Detecting Errors And Program Abuse

In addition to taking steps to prevent errors and program abuse, the PHA will use a variety of activities to detect errors and program abuse.



Quality Control and Analysis of Data

Under the Section 8 Management Assessment Program (SEMAP), HUD requires the PHA to review a random sample of tenant records annually to determine if the records conform to program requirements and to conduct quality control inspections of a sample of units to ensure HQS compliance [24 CFR, Part 985]. (See Chapter 16 for additional information about SEMAP requirements).

CHA Policy

In addition to the SEMAP quality control requirements, the CHA will employ a variety of methods to detect errors and program abuse.

The CHA routinely will use available sources of up-front income verification including HUD's EIV system to compare with family-provided information.

At each regular reexamination, current information provided by the family will be compared to information provided at the last regular reexamination to identify inconsistencies and incomplete information.

The CHA will compare family-reported income and expenditures to detect possible unreported income.

The CHA will monitor program actions through the use of its internal quality assurance program.

Independent Audits and HUD Monitoring

OMB Circular A-133 requires all PHAs that expend \$500,000 or more in federal awards annually to have an independent audit (IPA). In addition, HUD conducts periodic on-site and automated monitoring of PHA activities and notifies the PHA of errors and potential cases of program abuse.

CHA Policy

The CHA will use the results reported in any IPA or HUD monitoring reports to identify potential program abuses as well as to assess the effectiveness of the CHA's error detection and abuse prevention efforts.

Individual Reporting of Possible Errors and Program Abuse

CHA Policy

The CHA will encourage staff, program participants, and the public to report possible program abuse.



14-I.C. Investigating Errors and Program Abuse

When the PHA Will Investigate

CHA Policy

The CHA will review all referrals, specific allegations, complaints, and tips from any source including other agencies, companies, and individuals, to determine if they warrant investigation. In order for the CHA to investigate, the allegation must contain at least one independently-verifiable item of information, such as the name of an employer or the name of an unauthorized household member.

The CHA will investigate inconsistent information related to the family that is identified through file reviews and the verification process.

Consent to Release of Information [24 CFR 982.516]

The PHA may investigate possible instances of error or abuse using all available PHA and public records. If necessary, the PHA will require HCV families to give consent to the release of additional information.

Analysis and Findings

CHA Policy

The CHA will base its evaluation on a preponderance of the evidence collected during its investigation.

Preponderance of the evidence is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence that as a whole shows that the fact sought to be proved is more probable than not. Preponderance of evidence may not be determined by the number of witnesses, but by the greater weight of all evidence

For each investigation the CHA will determine (1) whether an error or program abuse has occurred, (2) whether any amount of money is owed the CHA, and (3) what corrective measures or penalties will be assessed.

Consideration of Remedies

All errors and instances of program abuse must be corrected prospectively. Whether the PHA will enforce other corrective actions and penalties depends upon the nature of the error or program abuse.

CHA Policy

In the case of family-caused errors or program abuse, the CHA will take into consideration (1) the seriousness of the offense and the extent of participation or culpability of individual family members, (2) any special circumstances surrounding the case, and (3) any mitigating circumstances related to the disability of a family member.

In the case of owner-caused errors or program abuse, the CHA will take into consideration (1) the seriousness of the offense, (2) the length of time since the violation has occurred, and (3) the effects of a particular remedy on the family living in the unit.



Notice and Appeals

CHA Policy

The CHA will inform the relevant party in writing of its findings and remedies within 10 calendar days of the conclusion of the investigation. The notice will include (1) a description of the error or program abuse, (2) the basis on which the CHA determined the error or program abuses, (3) the remedies to be employed, and (4) the family's right to appeal the results through the informal review or hearing process, if applicable (see Chapter 16).

Part II: Corrective Measures and Penalties

14-II.A. Subsidy Under- or Over-Payments

A subsidy under-payment or over-payment includes (1) an incorrect housing assistance payment to the owner, (2) an incorrect family share established for the family, and (3) an incorrect utility reimbursement to a family.

Corrections

Whether the incorrect subsidy determination is an overpayment or underpayment of subsidy, the PHA must promptly correct the HAP, family share, and any utility reimbursement prospectively.

CHA Policy

Increases in the family share will be implemented only after the family has received 30 calendar days notice.

Any decreases in family share will become effective the first of the month following the discovery of the error.

Re-imbursement

Whether the family or owner is required to reimburse the PHA or the PHA is required to make retroactive subsidy payments to the owner or family depends upon which party is responsible for the incorrect subsidy payment and whether the action taken was an error or program abuse. Policies regarding reimbursement are discussed in the three sections that follow.

14-II.B. Family-Caused Errors and Program Abuse

Family obligations and general administrative requirements for participating in the program are discussed throughout this plan. This section deals specifically with errors and program abuse by family members.

An incorrect subsidy determination caused by a family generally would be the result of incorrect reporting of family composition, income, assets, or expenses, but also would include instances in which the family knowingly allows the PHA to use incorrect information provided by a third party.



Family Re-imbursement to the PHA [HCV GB pp. 22-12 to 22-13]

CHA Policy

In the case of family-caused errors or program abuse, the family will be required to repay any excess subsidy received. The CHA may, but is not required to, offer the family a repayment agreement in accordance with Chapter 16. If the family fails to repay the excess subsidy, the CHA will terminate the family's assistance in accordance with the policies in Chapter 12.

PHA Re-imbursement to Family [HCV GB p. 22-12]

CHA Policy

The CHA will not reimburse the family for any underpayment of assistance when the underpayment clearly is caused by the family.

Prohibited Actions

An applicant or participant in the HCV program must not knowingly:

- Make a false statement to the PHA [Title 18 U.S.C. Section 1001].
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [24 CFR 982.552(c)(iv)].

CHA Policy

The CHA will consider factors such as the following as evidence of family program abuse:

- Payment to the owner in excess of amounts authorized by the CHA for rent, security deposit, and additional services
- Offering bribes or illegal gratuities to the CHA Board of Commissioners, employees, contractors, or other CHA representatives
- Offering payments or other incentives to the owner or a third party as an inducement for the third party to make false or misleading statements to the CHA on the family's behalf
- Use of a false name or the use of falsified, forged, or altered documents
- Intentional misreporting of family information or circumstances (e.g. income, family composition)
- Omitted facts that were obviously known by a family member (e.g., not reporting employment income)
- Admission of program abuse by an adult family member

The CHA may determine other actions to be program abuse based upon a preponderance of the evidence, as defined earlier in this chapter.



Penalties for Program Abuse

In the case of program abuse caused by a family the PHA may, at its discretion, impose any of the following remedies.

- The PHA may require the family to repay excess subsidy amounts paid by the PHA, as described earlier in this section.
- The PHA may require, as a condition of receiving or continuing assistance, that a culpable family member not reside in the unit. See policies in Chapter 3 (for applicants) and Chapter 12 (for participants).
- The PHA may deny or terminate the family's assistance following the policies set forth in Chapter 3 and Chapter 12 respectively.
- The PHA may refer the family for state or federal criminal prosecution as described in section 14-II.E.

14-II.C. Owner-Caused Error or Program Abuse

Owner requirements that are part of the regular process of offering, leasing, and maintaining a unit (e.g., HQS compliance, fair housing) are addressed in the appropriate chapters of this plan. This section focuses on errors and program abuse by owners.

An incorrect subsidy determination caused by an owner generally would be the result of an incorrect owner statement about the characteristics of the assisted unit (e.g., the number of bedrooms, which utilities are paid by the family). It also includes accepting duplicate housing assistance payments for the same unit in the same month, or after a family no longer resides in the unit.

Owner Reimbursement to the PHA

In all cases of overpayment of subsidy caused by the owner, the owner must repay to the PHA any excess subsidy received. The PHA may recover overpaid amounts by withholding housing assistance payments due for subsequent months, or if the debt is large, the PHA may allow the owner to pay in installments over a period of time [HCV GB p. 22-13].

CHA Policy

In cases where the owner has received excess subsidy, the CHA will require the owner to repay the amount owed in accordance with the policies in Section 16-IV.B.



Prohibited Owner Actions

An owner participating in the HCV program must not:

- Make any false statement to the PHA [Title 18 U.S.C. Section 1001].
- Commit fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program [24 CFR 982.453(a)(3)] including:

CHA Policy

The CHA will consider factors such as the following as evidence of owner program abuse:

- Charging the family rent above or below the amount specified by the CHA
- Charging a security deposit other than that specified in the family's lease
- Charging the family for services that are provided to unassisted tenants at no extra charge
- Knowingly accepting housing assistance payments for any month(s) after the family has vacated the unit
- Knowingly accepting incorrect or excess housing assistance payments
- Offering bribes or illegal gratuities to the CHA Board of Commissioners, employees, contractors, or other CHA representatives
- Offering payments or other incentives to an HCV family as an inducement for the family to make false or misleading statements to the CHA
- Residing in the unit with an assisted family

Remedies and Penalties

When the PHA determines that the owner has committed program abuse, the PHA may take any of the following actions:

- Require the owner to repay excess housing assistance payments, as discussed earlier in this section and in accordance with the policies in Chapter 16.
- Terminate the HAP contract (See Chapter 13).
- Bar the owner from future participation in any PHA programs.
- Refer the case to state or federal officials for criminal prosecution as described in section 14-II.E.

14-II.D. PHA-Caused Errors or Program Abuse

The responsibilities and expectations of the PHA staff with respect to normal program administration are discussed throughout this plan. This section specifically addresses actions of a PHA staff member that are considered errors or program abuse related to the HCV program. Additional standards of conduct may be provided in the PHA policies or the managing agents' personnel policy.

PHA-caused incorrect subsidy determinations include (1) failing to correctly apply HCV rules regarding family composition, income, assets, and expenses, (2) assigning the incorrect voucher size to a family, and (3) errors in calculation.



Repayment to the PHA

Neither a family nor an owner is required to repay an overpayment of subsidy if the error or program abuse is caused by PHA staff or managing agents [HCV GB. 22-12].

PHA Reimbursement to Family or Owner

The PHA must reimburse a family for any underpayment of subsidy, regardless of whether the underpayment was the result of staff-caused error or staff or owner program abuse. The PHA will issue a check to the family for the amount of the underpayment. Funds for this reimbursement must come from the PHA's administrative fee reserves [HCV GB p. 22-12].

Code of Conduct

The CHA conducts business in accordance with the Board-approved ethics policy that:

- a. Complies with the conflict of interest requirements of the HCV program cited in 24 CFR 982.161; and
- b. Prohibits the solicitation or acceptance of gifts or gratuities in excess of a nominal value by an officer or employee of the PHA or any contractor, subcontractor, or agent of the PHA.
- c. Outlines administrative and disciplinary remedies for violation of the CHA Code of Conduct.

The CHA informs all officers, employees, and agents of its organization of the Code of Conduct.

Prohibited Activities

CHA Policy

The CHA will consider factors such as the following as evidence of program abuse by CHA staff or managing agents:

- Failing to comply with any HCV program requirements for personal gain
- Failing to comply with any HCV program requirements as a result of a conflict of interest relationship with any applicant, participant, or owner
- Seeking or accepting anything of material value from applicants, participating families, vendors, owners, contractors, or other persons who provide services or materials to the CHA
- Disclosing confidential or proprietary information to outside parties
- Gaining profit as a result of insider knowledge of CHA activities, policies, or practices
- Misappropriating or misusing HCV funds
- Destroying, concealing, removing, or inappropriately using any records related to the HCV program
- Committing any other corrupt or criminal act in connection with any federal housing program



14-II.E. Criminal Prosecution

CHA Policy

When the CHA determines that program abuse by an owner, family, or CHA staff or managing agents has occurred and the amount of overpaid subsidy meets or exceeds the threshold for prosecution under local or state law, the CHA will refer the matter as to the CHA Office of the Inspector General or other appropriate entity for prosecution. When the amount of overpaid assistance meets or exceeds the federal threshold, the case will also be referred to the HUD Office of Inspector General (OIG).

Other criminal violations related to the HCV program will be referred to the appropriate local, state, or federal entity.

14-II.F. Fraud and Program Abuse Recoveries

The PHA may retain a portion of program fraud losses that the PHA recovers from a family or owner through litigation, court order, or a repayment agreement [24 CFR 982.163].

The PHA must be the principal party initiating or sustaining the action to recover amounts due from tenants that are due as a result of fraud and abuse. 24 CFR 792.202 permits the PHA to retain the greater of:

- 50 percent of the amount it actually collects from a judgment, litigation (including settlement of a lawsuit) or an administrative repayment agreement, or
- Reasonable and necessary costs that the PHA incurs related to the collection including costs of investigation, legal fees, and agency collection fees.

The family must be afforded the opportunity for an informal hearing in accordance with requirements in 24 CFR 982.555.

If HUD incurs costs on behalf of the PHA related to the collection, these costs must be deducted from the amount retained by the PHA.